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**METROPOLITAN STORES**  
**OF CANADA LIMITED**

*Annual* **REPORT**  
**FISCAL YEAR ENDED JANUARY 31, 1972**

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**1972**



## METROPOLITAN STORES OF CANADA LIMITED

HEAD OFFICE: 1370 SONY PLACE, FORT GARRY, WINNIPEG, CANADA R3C 3C3  
ADMINISTRATIVE OFFICES: 3075 TRANS-CANADA HIGHWAY, POINTE CLAIRE 700, QUE.

### DIRECTORS

Edson Boyd	Partner — Richardson Securities of Canada	Winnipeg, Man.
Albert D. Cohen	President of General Distributors Limited	Winnipeg, Man.
Samuel N. Cohen	Vice-Chairman of Metropolitan Stores of Canada Limited	Winnipeg, Man.
Morley M. Cohen	President of Metropolitan Stores of Canada Limited	Montreal, Que.
Michael Greenberg	President of Greenberg Stores Limited	Westmount, Que.
Melvin L. Greenberg	Executive Vice-President of Greenberg Stores Limited	Mount Royal, Que.
F. N. Hughes	President of Allarco Developments Ltd.	Edmonton, Alta.
G. R. Hunter, Q.C.	Partner — Pitblado & Hoskin	Winnipeg, Man.
J. H. Unger	Retired — Former President of Metropolitan Stores of Canada Limited	London, Ont.

### OFFICERS

Albert D. Cohen	Chairman of the Board of Directors
Samuel N. Cohen	Vice-Chairman of the Board of Directors
Morley M. Cohen	President
Norman Radun	Vice-President — Merchandising
R. P. Fraser	Vice-President — Store Operations
Murray Heselton, C.A.	Comptroller
Sterling R. Lyon, Q.C.	Secretary
R. Keith Fraser	Assistant Secretary

REGISTRAR AND TRANSFER AGENT

### NATIONAL TRUST COMPANY LIMITED

250 PORTAGE AVE., WINNIPEG R3C 0B5

AUDITORS

### McDONALD, CURRIE & CO.

RICHARDSON BLDG., ONE LOMBARD PLACE, WINNIPEG R3B 0X6



## METROPOLITAN STORES OF CANADA LIMITED

### HIGHLIGHTS OF RESULTS

#### 1972 Fiscal Year

	1972	1971	Change
SALES	\$75,682,000	\$68,975,000	\$6,707,000
Earnings before income taxes	5,688,000	4,551,000	1,137,000
Net earnings for the year	2,873,000	2,195,000	678,000
Preferred dividends paid	325,000	339,000	(14,000)
Per share	1.30	1.30	
Common dividend declared	256,000		
Per share	.10		
Earnings per common share	1.00	.73	.27
Depreciation and Amortization charges	1,489,000	1,305,000	184,000
Merchandise inventories	10,854,000	10,598,000	256,000
Working capital	6,472,000	5,407,000	1,065,000
Number of preferred shareholders	2,075	2,170	(95)
Number of common shareholders	896	983	(87)
Number of stores at year end	158	157	1

# REPORT OF DIRECTORS

To the Shareholders of  
Metropolitan Stores of Canada Limited:

The tenth anniversary of your company's status as a Canadian-owned enterprise was marked by a continuation of sustained growth in the company's operations. The financial maturity of the company was evidenced by the decision of your Board to declare the first semi-annual dividend on its outstanding common shares. Sales increased satisfactorily and earnings registered a 37% increase over the previous year, reflecting the improved economic climate in the country as well as the company's ability to meet the increasing market demands with prudent controls over operating expenses.

These factors as well as an accelerated new store development program are highlights of the fiscal year upon which your Board is pleased to report at this time.

## EARNINGS

Earnings for the year ended January 31st, 1972, were \$2,873,000 as compared with \$2,195,000 in the previous year. After dividend payments of \$1.30 per share on the preferred shares, 1961 and 1967 Series, earnings from operations were \$2,548,000, an increase of \$692,000 or 37% over 1971 earnings of \$1,856,000. Based on 2,558,763 common shares outstanding, these earnings are the equivalent of \$1.00 per common share as compared to 1971 results of 73¢ per common share.

## SALES

The consolidated sales for the fiscal year were \$75,682,000 representing an increase of 9.7% over sales in 1971 of \$68,975,000.

## STORE EXPANSION AND DEVELOPMENT

Six new outlets — five Met stores and one Saan Store — were opened during the past year increasing the company's gross selling area by approximately 145,000 square feet. The new Met locations are at Aurora, Ontario; Timmins, Ontario; Woodstock, New Brunswick; Sussex, New Brunswick; and New Westminster, B.C.; while the new Saan store opened at Fernie, B.C.

The largest new store opening program in the company's history is planned for 1972-1973. Additional gross selling space of approximately 500,000 square feet is planned for the company's operations through the addition of nine new Met stores, six Greenberg Stores and five Saan Stores. Investigation and planning for these additional store sites was actively pursued in 1971. Among the new store openings scheduled for 1972 will be the 30,000 sq. ft. Met outlet in Gander, Newfoundland, which will give the company representation in that province for the first time.

Three smaller Met stores and two Saan Stores were closed during the past fiscal year in accordance with the company's continuing policy of phasing out older and marginally profitable sales centres.

Metropolitan's warehouse at Pointe Claire, P.Q. was expanded this past year by the construction of a



further 41,000 sq. ft. This extension provides a total warehouse area of 107,000 sq. ft. to meet the merchandise handling requirements brought about by increased sales.

### CAPITALIZATION

As of September 15th, 1971, effect was given to the Supplementary Letters Patent which provided for the subdivision of each of the common shares without nominal or par value of the company into three shares. Throughout this report, earnings per share are restated on the basis of the 2,558,763 common shares now outstanding.

### DIVIDENDS

The fixed rate of \$1.30 per annum was paid on the company's cumulative redeemable preferred shares, 1961 and 1967 Series.

As previously mentioned, in January, 1972, your Board declared the company's first semi-annual dividend on common shares at the rate of 10¢ per share. The Board also announced its intention of declaring a further dividend of 10¢ per common share payable on or after August 21st, 1972, to shareholders of record at the close of business on July 31st, 1972.

### IN APPRECIATION

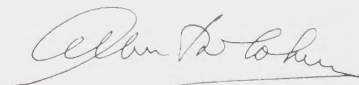
The Board expresses its gratitude to the company's staff, suppliers and customers for their loyalty and support.

It is only with this continued, active co-operation that the company is able to record the excellent progress it has enjoyed in the past year.

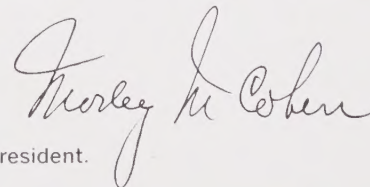
### THE FUTURE

The addition of 500,000 sq. ft. of gross selling area to the company's operations is evidence of the faith the Board has in an expanding national economy in the forthcoming year. Actions taken by the U.S. Government to rationalize the international monetary situation coupled with the ending of uncertainty by the passage of the new personal and corporate income tax legislation in Canada should contribute to more stability and growth in the national economy. It is to be hoped that legislative initiatives taken by the Federal Government this year in areas crucial to the market place will not disturb the now apparent potential for growth in confidence.

Your Board anticipates a year of increased sales and earnings.



Chairman of the Board of Directors.



President.

Winnipeg, Canada

March, 1972.



**CONSOLIDATED  
BALANCE SHEET  
AS AT JANUARY 31, 1972**

**ASSETS**

(in thousands of dollars)

	1972 \$	1971 \$
<b>CURRENT</b>		
Cash and short-term deposits	1,250	2,344
Receivables	442	385
Inventories — at the lower of cost or net realizable value	10,854	10,598
Prepaid expenses	310	304
	<u>12,856</u>	<u>13,631</u>
<b>FIXED</b>		
Land — at cost	5,706	5,468
Buildings, fixtures and equipment — at cost, less accumulated depreciation (note 2)	11,501	11,187
Leasehold improvements — at cost, less amortization	1,439	1,530
	<u>18,646</u>	<u>18,185</u>
<b>OTHER</b>		
Deferred charges and sundry investments	197	193
Excess of purchase price over equity in net assets of a subsidiary at date of acquisition	2,777	2,777
	<u>2,974</u>	<u>2,970</u>
<b>SIGNED ON BEHALF OF THE BOARD</b>		
<i>Albert Cohen</i> Director		
<i>Samuel N. Cohen</i> Director		
	<u>34,476</u>	<u>34,786</u>

**AUDITORS' REPORT T**

We have examined the consolidated balance sheet subsidiaries as at January 31, 1972 and the consolidated source and use of working capital for the year then ended of the accounting procedures and such tests of a basis as we considered necessary in the circumstances.

In our opinion these consolidated financial statements of the companies as at January 31, 1972 and the results of the operations and capital for the year then ended, in accordance with the basis consistent with that of the preceding year.

MARCH 1, 1972





## **LIABILITIES**

(in thousands of dollars)

	1972 \$	1971 \$
<b>CURRENT</b>		
Bank advances	1,037	3,683
Accounts payable and accrued liabilities	3,655	3,796
Dividend on common shares payable February 21, 1972	256	
Income and other taxes	1,155	485
Long-term debt instalments due within one year	281	260
	<u>6,384</u>	<u>8,224</u>
<b>LONG-TERM DEBT (note 3)</b>	5,574	6,240
<b>DEFERRED INCOME TAXES</b>	585	549
	<u>12,543</u>	<u>15,013</u>

## **SHAREHOLDERS' EQUITY**

<b>CAPITAL STOCK (note 4)</b>	<u>9,678</u>	<u>9,810</u>
<b>RETAINED EARNINGS</b>		
Appropriated for redemption of preferred shares under the terms thereof and in respect of preferred shares redeemed as required by law (note 5)	635	585
Unappropriated	11,620	9,378
	<u>12,255</u>	<u>9,963</u>
	<u>21,933</u>	<u>19,773</u>
	<u>34,476</u>	<u>34,786</u>

### **THE SHAREHOLDERS**

Metropolitan Stores of Canada Limited and its subsidiaries have audited the financial statements of earnings and retained earnings and have found them to be correct. Our examination included a general review of the accounting records and other supporting evidence as

to present fairly the financial position of the company and its subsidiaries and the source and use of their working capital. We have also generally accepted accounting principles applied on a

McDONALD, CURRIE & CO.  
CHARTERED ACCOUNTANTS

**METROPOLITAN STORES OF CANADA LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1972**  
(in thousands of dollars)

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiary companies.

2. FIXED ASSETS

	1972			1971
	Cost	Accumulated depreciation	Net	Net
	\$	\$	\$	\$
Buildings	9,807	2,526	7,281	6,954
Fixtures and equipment	10,330	6,110	4,220	4,233
	<u>20,137</u>	<u>8,636</u>	<u>11,501</u>	<u>11,187</u>

3. LONG-TERM DEBT

	Instalments due within one year		Instalments due after one year	
	1972	1971	1972	1971
	\$	\$	\$	\$
Bank loan payable in semi-annual instalments of \$100 bearing interest at prevailing bank rates	200	200	600	800
5% unsecured notes payable in annual instalments of \$40	40	40	120	160
6% mortgage payable in annual instalments of \$20	20	—	80	—
6½% first mortgage sinking fund bonds, Series "A" having a sinking fund requirement of \$250 in 1972 and progressively increasing annual requirements to a final maximum payment of \$540 in 1984	250	240	4,705	4,955
Less: Bonds purchased in advance of requirement	250	240	284	49
	<u>—</u>	<u>—</u>	<u>4,421</u>	<u>4,906</u>
6¾% mortgage payable by 1984 in monthly instalments of \$4 including principal and interest	21	20	353	374
	<u>281</u>	<u>260</u>	<u>5,574</u>	<u>6,240</u>

4. CAPITAL STOCK

(a) Authorized —

468,143 preferred shares of the par value of \$20. (decreased during the year by the redemption and cancellation of 4,097 shares, 1967 series) of which 150,000 are designated as the 1961 series and 118,143 as the 1967 series. Each series is entitled to a fixed cumulative dividend of \$1.30 per annum; the 1961 series is redeemable at \$21.25 per share and the 1967 series is redeemable at \$21.25 per share to November 1, 1977 and thereafter decreasing 25 cents per share to \$20.50 after November 1, 1979.

4,500,000 common shares without nominal or par value after the subdivision on a three for one basis authorized by supplementary letters patent dated July 29, 1971.

(b) Issued and fully paid —

	1972		1971	
	Number of shares	\$	Number of shares	\$
Preferred shares —				
1961 series	128,213	2,564	130,733	2,614
1967 series	118,143	2,363	122,240	2,445
Common shares	2,558,763	4,751	852,921	4,751
		<u>9,678</u>		<u>9,810</u>

(c) During the year the company reserved 30,000 unissued common shares for a stock option granted to an employee of a subsidiary who is also a director of the company to purchase these shares over a period of five years at \$16.20 per share being 90% of the market price at the date of the option.

5. APPROPRIATED RETAINED EARNINGS

	1972	1971
	\$	\$
Amounts set aside for the redemption of preferred shares under the terms thereof:		
1961 series	100	100
1967 series	100	100
Amount set aside as required by law equal to the par value of the preferred shares,		
1961 series, redeemed (2,520 shares during the year)	435	385
	<u>635</u>	<u>585</u>

6. EARNINGS PER COMMON SHARE

Earnings per common share for 1971 have been calculated by giving retroactive effect to the subdivision of shares referred to in note 4.

7. LEASE COMMITMENTS

Rentals paid on property leases for the year ended January 31, 1972 amounted to \$3,375 (1971 — \$3,083). Minimum annual rentals in subsequent years on long-term property leases in effect at January 31, 1972 are:

Year ending	Minimum annual rental
January 31	
1973	\$2,188
1974	2,141
1975	2,065
1976	1,956
1977	1,889

Certain leases provide for rental based on sales.

8. REMUNERATION OF DIRECTORS AND OFFICERS

	1972		1971	
	9 Directors (3 officers were also directors)	9 Officers	9 Directors (3 officers were also directors)	10 Officers
	\$	\$	\$	\$
Remuneration paid by:				
Metropolitan Stores of Canada Limited (holding company)	11	215	11	234
Subsidiary — Greenberg's Department Stores (1962) Ltd.	11	190	11	137
	<u>11</u>	<u>405</u>	<u>11</u>	<u>371</u>



**METROPOLITAN STORES OF CANADA LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED JANUARY 31, 1972**  
(in thousands of dollars)

	1972 \$	1971 \$
SALES	75,682	68,975
COSTS AND EXPENSES		
Cost of goods sold, selling, general and administrative expenses	68,044	62,692
Depreciation of fixed assets and amortization of leasehold improvements	1,489	1,305
Amortization of deferred charges	61	63
Interest on long-term debt	400	364
	<u>69,994</u>	<u>64,424</u>
	5,688	4,551
PROVISION FOR INCOME TAXES		
Current	2,779	2,258
Deferred	36	98
	<u>2,815</u>	<u>2,356</u>
NET EARNINGS FOR THE YEAR	2,873	2,195
RETAINED EARNINGS — BEGINNING OF YEAR	9,963	8,107
	<u>12,836</u>	<u>10,302</u>
DIVIDENDS		
Preferred shares	325	339
Common shares	256	
	<u>581</u>	<u>339</u>
RETAINED EARNINGS — END OF YEAR	<u>12,255</u>	<u>9,963</u>
EARNINGS PER COMMON SHARE (after preferred dividends) (note 6)	<u>1.00</u>	<u>.73</u>

**CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL**  
**FOR THE YEAR ENDED JANUARY 31, 1972**  
(in thousands of dollars)

	1972 \$	1971 \$
SOURCE OF WORKING CAPITAL		
Net earnings for the year	2,873	2,195
Items not affecting working capital —		
Depreciation of fixed assets and amortization of leasehold improvements and deferred charges	1,550	1,368
Deferred income taxes	36	98
Provided from operations	<u>4,459</u>	<u>3,661</u>
6% mortgage loan	100	
Long-term bank loan		1,000
	<u>4,559</u>	<u>4,661</u>
USE OF WORKING CAPITAL		
Additions to fixed assets — net	1,950	3,270
Dividends	581	339
Purchase of 6½% first mortgage sinking fund bonds	485	
Instalments of long-term debt due within one year	281	260
Redemption of preferred shares	132	282
Sundry	65	(7)
	<u>3,494</u>	<u>4,144</u>
INCREASE IN WORKING CAPITAL	1,065	517
WORKING CAPITAL — BEGINNING OF YEAR	5,407	4,890
WORKING CAPITAL — END OF YEAR	<u>6,472</u>	<u>5,407</u>



## FINANCIAL SUMMARY

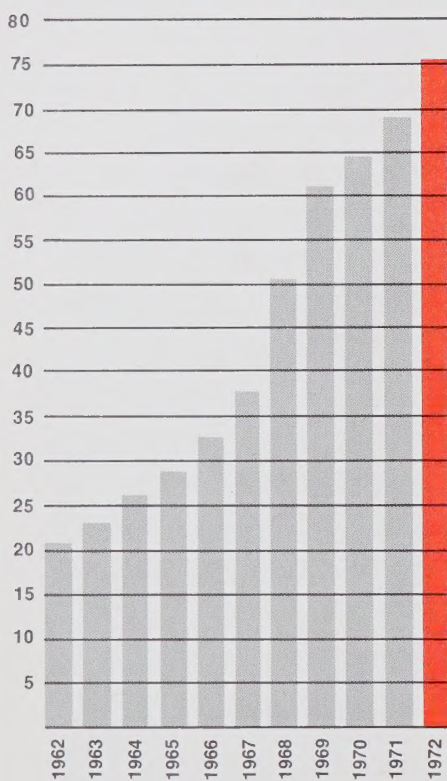
in Thousands of Dollars  
1968 - 1972 and 1962 for Comparison  
Years Ended January 31

	1972	1971	1970	1969	1968	1962
Number of Stores	158	157	160	154	149	87
Sales	\$75,682	\$68,975	\$64,659	\$60,680	\$50,018	\$20,492
Earnings after tax	2,873	2,195	2,018	2,021	1,762	302
Preferred dividend	325	339	359	361	195	97
Common dividend	256					
Earnings for common shareholders	2,548	1,856	1,659	1,660	1,567	204
Earnings per common share	\$1.00	.73	.65	.65	.61	.09

(Earnings per share are restated on the basis of the 2,558,763 common shares now outstanding.)

### SALES

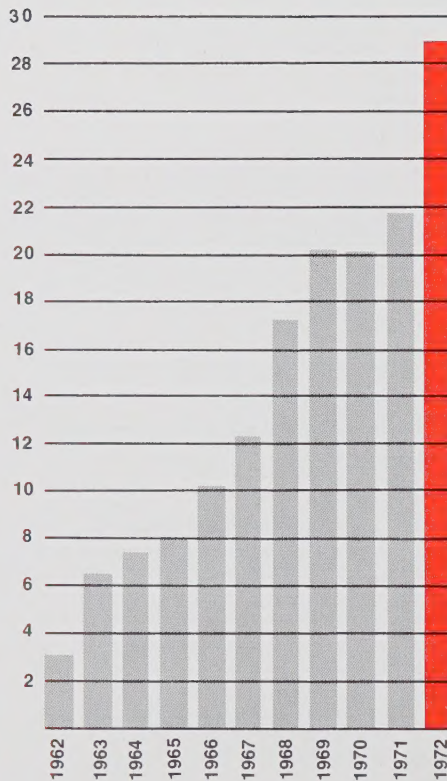
\$ MILLIONS



YEAR ENDED JANUARY 31st.

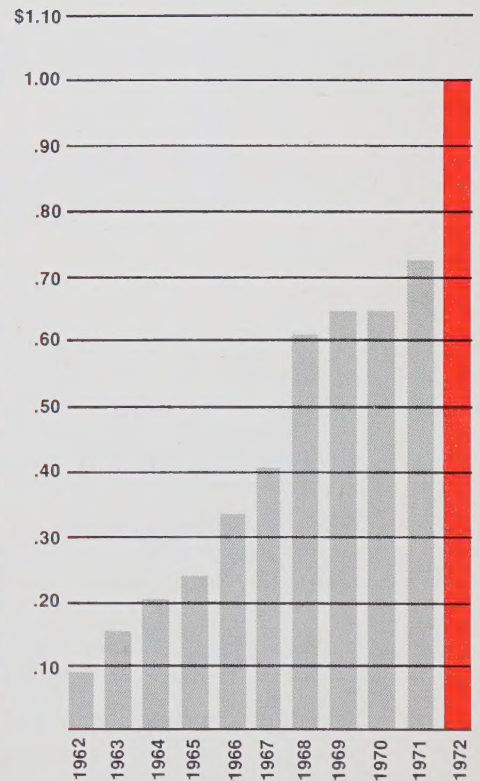
### EARNINGS

\$ HUNDRED THOUSAND



YEAR ENDED JANUARY 31st.

### EARNINGS Per Common Share



YEAR ENDED JANUARY 31st.



## LOCATIONS OF 81 METROPOLITAN STORES

### ONTARIO 30

Aurora  
Belleville  
Chatham  
Cobourg  
Cornwall  
Deep River  
Kirkland Lake  
London (3)  
Niagara Falls  
Orillia  
Oshawa  
Ottawa (2)  
Parry Sound  
Prescott  
Sarnia  
Stratford  
Thunder Bay (2)  
Tillsonburg  
Timmins (2)  
Toronto (2)  
Wallaceburg

Windsor (3)

### BRITISH COLUMBIA 5

Kelowna  
Nanaimo  
New Westminster  
Vancouver  
Victoria

### MANITOBA 4

Brandon  
Dauphin  
Portage la Prairie  
Winnipeg

### NEW BRUNSWICK 8

Bathurst  
Campbellton  
Fredericton  
Moncton (2)  
Newcastle  
Sussex

Woodstock

### NOVA SCOTIA 19

Amherst  
Antigonish (2)  
Bridgewater  
Dartmouth  
Digby  
Glance Bay  
Greenwood  
Halifax (2)  
Kentville  
Liverpool  
Lunenburg  
New Glasgow  
North Sydney  
Sydney (2)  
Truro  
Yarmouth

### ALBERTA 3

Calgary

Edmonton  
Grand Prairie

### QUEBEC 4

Hull  
Quebec  
Rouyn  
Sherbrooke

### SASKATCHEWAN 6

North Battleford  
Prince Albert  
Regina  
Saskatoon  
Swift Current  
Yorkton

### PRINCE EDWARD ISLAND 2

Charlottetown  
Summerside

## LOCATIONS OF 53 SAAN STORES

### MANITOBA 5

Brandon  
Dauphin  
Portage la Prairie  
Swan River  
The Pas

### SASKATCHEWAN 16

Canora  
Esterhazy  
Esteron  
Humboldt  
Meadow Lake  
Melfort

Nipawin  
North Battleford  
Prince Albert  
Regina  
Saskatoon (2)  
Swift Current  
Tisdale  
Weyburn  
Yorkton

### ALBERTA 13

Calgary (2)  
Camrose

Drumheller  
Edmonton (3)  
Fort Saskatchewan  
Grande Prairie  
Lethbridge  
Lloydminster  
Red Deer  
Stettler

### BRITISH COLUMBIA 19

Abbotsford  
Chilliwack  
Comox  
Cranbrook

Dawson Creek  
Ferne  
Fort St. John  
Kamloops (2)  
Kelowna  
Langley  
Nanaimo  
Nelson  
Penticton  
Port Alberni  
Powell River  
Prince George  
Revelstoke  
Vernon

## LOCATIONS OF 24 GREENBERG STORES

### QUEBEC 24

Chambly  
Granby  
Joliette

Levis  
Montreal (13)  
Quebec (2)  
St. Hyacinthe

St. Jean  
St. Jerome  
St. Therese  
Three Rivers

**MET**





# METROPOLITAN STORES OF CANADA LIMITED

Statement of Source and Use of Funds  
For the six months ended July 31, 1972

	1972	1971
<b>Source of funds:</b>		
Net earnings for the period	\$1,169,486	\$ 869,599
<b>Add:</b>		
Charges not requiring cash outlay—depreciation of fixed assets and amortization of leasehold improvements	758,394	670,785
Deferred income taxes		6,138
Decrease in sundry advances	37,193	
	<u>\$1,965,073</u>	<u>\$1,546,522</u>
<b>Use of Funds:</b>		
Increase in sundry advances	\$	\$ 36,481
Additions to fixed assets and leaseholds—net	1,129,533	638,487
Dividends on preferred shares	159,254	164,367
Dividends on common shares	255,876	
Provision for redemption of first mortgage bonds	230,000	225,000
Redemption of preferred shares	175,100	50,340
Payment on 5% unsecured notes	40,000	40,000
	<u>\$1,989,763</u>	<u>\$1,154,675</u>
Increase (Decrease) in working capital	\$ (24,690)	\$ 391,847
Working capital Jan. 31st	6,471,992	5,407,878
Working capital July 31st	<u>\$6,447,302</u>	<u>\$5,799,725</u>

## METROPOLITAN STORES OF CANADA LIMITED

Head Office: 1370 Sony Place, Fort Garry,  
WINNIPEG, Manitoba R3C 3C3

Administrative Offices: 3075 Trans-Canada Highway,  
MONTREAL (Pointe Claire), P.Q.

AR11

# Metropolitan Stores of Canada Limited



## INTERIM REPORT

SIX MONTHS ENDED  
JULY 31, 1972

## REPORT TO

# Metropolitan Stores of Canada Limited Shareholders

## OF THE FIRST SIX MONTHS' ACTIVITIES (February 1st to July 31st, 1972)

### To Our Shareholders

Sales in the first half of the fiscal year were \$38,184,845, an increase of 15% over sales of \$33,229,536 for the comparable period in 1971.

Unaudited net income for the half year (after provision for income taxes) was \$1,169,486. After deducting dividends on preferred shares outstanding amounting to \$159,254, net earnings were \$1,010,232, as compared with the 1971 six month earnings of \$705,232.

Based on 2,558,763 common shares outstanding, earnings per share for the first six months were 39 cents, an increase of 43% over earnings per share of 28 cents in the first half of 1971.\*

### Consolidated Financial Summary

For the six months ended July 31, 1972.

(Compared with the first six months of the previous year).

	July 31 1972	July 31 1971
Number of stores	166	160
Sales	\$38,184,845	\$33,229,536
Net profit (before taxes)	2,179,425	1,787,115
Provision for taxes	1,009,939	917,516
Net earnings for six months	1,169,486	869,599
Provision for dividends on preferred shares	159,254	164,367
Net earnings applicable to common shares	1,010,232	705,232

### Cumulative Quarterly Earnings Per Common Share\*

	1972	1971
1st Quarter	\$ .06	\$ .01
2nd Quarter	.39	.28
3rd Quarter		.54
4th Quarter		1.00

The above figures are unaudited.

Sales for the year ended January 31, 1972, were \$75,682,000 with earnings after taxes of \$2,873,000.

### Outlook

Results for the first six months show a marked improvement over the same period in 1971. As the major portion of sales and earnings is generated in the last half of the fiscal year, and retail sales continue to be buoyant, management expects that the last half results will be favorable.

The new store opening programme continues to advance. However, due to unanticipated delays, it is now expected that the company will open approximately 340,000 sq. ft. of new selling space in the fiscal year, with the balance phased into the 1973 programme.

ALBERT D. COHEN,  
Chairman of the Board.

MORLEY M. COHEN,  
President.

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\*Earnings per share are re-stated to reflect the three-for-one split of common shares which became effective September 15, 1971.